

Message Text

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INFO AMEMBASSY ROME

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0395

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TAGS: PINT PINR PFOR ECON BGEN IT

SUBJECT: CABLE FROM VERONA- MARCH 14, 1978

1. SUMMARY. IN PROSPEROUS, HEAVILY DC VERONA, PCI NONETHELESS IS SOLIDLY ENTRENCHED IN LOCAL ADMINISTRATION. DC RANK-AND-FINE, HOWEVER, APPEAR TO REMAIN GOOD DEAL MORE INTRANSIGENT TOWARD COMMUNISTS THAN DC LEADERSHIP WHICH RUBS ELBOWS WITH THEM AND GIVES THEM HIGH MARKS FOR COMPETENCE. END SUMMARY.

2. VERONA, HEART OF CATHOLIC VENETO REGION AND WITH ABSOLUTE DC MAJORITY PROVINCE-WIDE, IS STILL CONSERVATIVE STRONGHOLD WHERE POLICE AND JUDGES DEAL STEARPLY WITH MALEFACTORS. THAT, PLUS RICH CULTURAL TRADITION, PICTURE-BOOK ARCHITECTURE AND PROXIMITY TO POPULAR LAKE GARDA MAKE BOTH CITY AND PROVINCE NATURAL TOURIST TARGETS. ECONOMIC OFFICER AND DPO SPENT DAY IN VERONA TALKING WITH PREFECT, MAYOR, HEADS OF THREE BIG PARTIES AND CISL, NEWSPAPER EDITOR, CHAMBER OF COMMERCE, INDUSTRIALIST'S ASSOCIATION, PROVINCIAL TOURIST AGENCY, AGRICULTURAL ASSOCIATION, AND CASSA DI RISPARMIO BANK.

3. OUR NON-COMMUNIST INTERLOCUTORS WERE RESIGNED TO INCLUSION OF PCI IN NEW GOVERNMENT IN ROME AND CREDITED PARTY WITH RESPONSIBLE ATTITUDE AT LOCAL LEVEL. BUT
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WE ALSO FOUND MORE DISTRUST OF COMMUNISTS THAN PERHAPS ANYWHERE ELSE IN NLNSULAR DISTRICT.

4. WHERE ECONOMY WAS CONCERNED, HOWEVER, CONFIDENCE WAS HIGH. ONE OF ITALY'S MOST IMPORTANT AGRICULTURAL AND TOURIST PROVINCES, VERONA IS PLACE WHERE PRACTICALLY EVERYTHING GOING WELL. SPECTACULAR AGRICULTURAL FAIR

IN PROGRESS WAS VIVID EVIDENCE OF FARM SECTOR'S HEALTH. PROFITS WERE SAID TO BE GOOD IN 1977 DESPITE RAPIDLY RISING PRODUCTION COSTS. TOURISM, TOO, WAS STRONG, WITH LAST YEAR'S EARNINGS TOTALING OVER \$200 MILLION AND THIS YEAR EXPECTED TO BE BETTER AS STRONG DM MAKES VERONA EVEN MORE ATTRACTIVE THAN USUSL FOR TRADITIONAL GERMAN TOURISTS. INDUSTRY - MOSTLY SMALL AND MEDIUM SIZED - WAS PROSPEROUS AS WELL, WITH OVERALL 1977 PRODUCTION UP OVER 1976. AFTER PRODUCTION SLOWDOWN IN LAST FEW MONTHS OF 1977, TREND ALREADY MOVING UP AGAIN. FEW CASES OF FAILURE -LIKE THAT OF FRENCH-OWNED TEXTILE PLANT THAT PROPRIETORS HAD ABANDONED - WERE BLAMED MOSTLY ON POOR MANAGEMENT. UNEMPLOYMENT WAS RUNNING ABOUT 5 PERCENT AND SEEMED TO WORRY NO ONE, AND HOURS OF CASSA INTEGRAZIONE (GOVERNMENT SUBSIDIZED WAGE FUND) WERE DOWN FROM 1976. MOREOVER, DC SECRETARY CLAIMED THERE WERE 2,000-3,000 JOBS UNFILLED IN PROVINCE'S SMALL BUSINESSES BECAUSE OWNERS WERE UNWILLING TO TAKE WHAT EMPLOYMENT OFFICES SENT THEM AS LAW STIPULATED. THEY DIDN'T WANT POSSIBLE RABBLE-ROUSER WHO MIGHT DISRUPT SMALL OPERATION.

5. MOST IMPRESSIVE OF ALL, THERE WAS NEW INVESTMENT IN PLANT AND EQUIPMENT (ABOUT 7 PERCENT IN 1977) AS WELL AS NEW CONSTRUCTION.

6. THERE WERE SOME COMPLAINTS, FROM FARMERS. THEY SAID OVERVALUED GREEN LIRA WAS MAKING MEAT AND DAIRY IMPORTS FROM CONFIDENTIAL

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ELSEWHERE IN EC ARTIFICIALLY CHEAP. AND THEY WERE VERY WORRIED ABOUT INCURSIONS OF COMMUNIST-RUN CO-OPS INTO LIVESTOCK AND FOOD TRANSFORMATION SECTORS. THEY SAID THAT CO-OPS WERE ABLE TO BUY CREAM OF EASTERN EUROPE'S BREEDING CATTLE ON SUBSIDIZED TERMS, ALLOWING THEM NOT ONLY TO COMPETE UNFAIRLY AGAINST AREA'S PRIVATE FARMERS BUT ALSO TO AMASS PROFITS THEY WERE USING TO BUY INCREASINGLY INTO FOOD TRANSFORMATION SECTOR. AGRICULTURAL ASSOCIATION CHARGED THAT EVENTUAL PCI AIM WAS TO RUN PRIVATE FARMERS OUT OF BUSINESS - AS WELL AS TO HELP FINANCE ITSELF THROUGH RAKE-OFFS ON TRANSACTIONS.

7. NOT VERY IMPRESSIVE CISL LABOR UNION SECRTRY WAS UNHAPPY WITH COMMUNISTS TOO. PARTY, HE CHARGED, WAS HEAVILY INFLUENCING PRO-COMMUNIST CGIL TO TAKE STANDS NOT ALWAYS IN WORKER'S INTERESTS. NOT THAT THERE WAS ANYTHING WRONG WITH LAMA'S NEW-FOUND MODERATION. IT WAS JUST THAT LABOR UNIONS OUGHT TO ACT IN STRICT INDEPENDENCE OF PARTIES. HE COULD BOAST, FOR EXAMPLE, THAT VERONA CISL HAD NO RELATIONSHIP AT ALL WITH VERONA DC. THAT WAS HOW IT SHOULD BE.

8. ON POLITICAL SCENE, BOTH CITY AND PROVINCIAL ADMINISTRATIONS ARE IN CRISIS, I.E. HAVE RESIGNED AND MUST BE RECONSTITUTED.

REASON, ACCORDING TO YOUNG, ALMOST-TACITURN BUT OBVIOUSLY BRIGHT DC PROVINCIAL SECRETARY ALBERTO ROSSI, IS EXPIRATION OF LEGISLATIVE PROGRAM NEGOTIATED TWO YEARS AGO AMONG MAJORITY PARTNERS DC, PSI, PSDI, AND PRI, ON ONE HAND, AND PCI - WHICH SUPPORTED GIUNTA FROM OUTSIDE - ON OTHER. THAT FORMULA WAS FAIRLY "ADVANCED" AT TIME BECAUSE IT CALLED FOR - OR AT LEAST ALLOWED - PCI TO VOTE IN FAVOR OF LEGISLATION RATHER THAN SIMPLY ABSTAINING. IT AS IMPOSED ON DC BY SOCIALISTS AS THEIR PRICE FOR STAYING IN GIUNTA. DC, SAID SECRETARY, HAD HOPED THAT BY END OF TWO YEARS PSI WOULD HAVE RECONSIDERED AND PCI COULD AGAIN BE EXCLUDED. BUT THAT HASN'T HAPPENED.

9. EVENTUAL SOLUTION, SAID OUR CONTACTS, WILL LIE IN BETWEEN PCI DEMANDS - FOR GIUNTA SEATS - AND STATUS
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QUO HERETOFORE. THAT IS, COMMUNISTS WILL PROBABLY GET SOME KIND OF EXPLICIT DC RECOGNITION FOR THEIR VOTES IN SUPPORT OF COMMONLY ELABORATED LEGISLATION. OUTCOME WILL THUS PARALLEL THAT JUST REACHED IN ROME. WITH A TWIST, HOWEVER, DC AND PSI HAVE JUST ABOUT REACHED AGREEMENT THAT ONLY THEY TWO WILL BE IN GIUNTA-KIND OF CENTER-LEFT ADMINISTRATION BUT WITH EXPLICIT PCI AND OTHER SUPPORT. THAT, SAID YOUNG PSI SECRETARY, WOULD GIVE SOCIALISTS RATHER THAN COMMUNISTS PRIVILEGED POSITION VIS-A-VIS DC AND WOULD HIGHLIGHT PSI INDEPENDENCE FROM PCI. AS FIRST ARRANGEMENT OF ITS TYPE IN ITALY, IT COULD ALSO SERVE AS MODEL THAT WOULD HELP BRING PSI EVENTUALLY BACK INTO COALITION WITH DC.

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10. THAT IS KIND OF THINKING THAT SEEMS TO APPEAL TO PREDOMINANT WING OF VERONA DC HEADED BY DC MINISTER FOR STATE INDUSTRIES BISAGLIA. DC SECRETARY, A BISAGLIA MAN, SAID DC RANK AND FILE STILL ANTI-COMMUNIST. AND HE REVEALED WHAT IS PROBABLY DC MAJORITY FEELING IN SAYING THAT PARTY'S ACHILLES' HEELS IS OLD-TIMERS' LUST TO STAY IN POWER EVEN AT COST OF COMPROMISES THAT BRING COMMUNISTS CLOSER TO GOVERNING THAN THEY NEED EVER GET.

11. CURIOUSLY, HOWEVE N WE ALSO FOUND ANOTHER, MORE FAVORABLE VIEW OF COMMUNISTS IN DC. DC SECRETARY HIMSELF SAID THAT PCI BEHAVING VERY RESPONSIBLY IN LOCAL GOVERNMENT. PARTY, FOR EXAMPLE, HAD HELPED DC AND PSI REACH ACCEPTABLE SOLUTION IN CASE OF LARGE TEXTILE BUSINESS THAT HAD FAILED AND SOME OF WHOSE WORKERS HAD TO BE LAID OFF. AND HE DID NOT BELIEVE IN ANY CASE THAT ITALY WAS SUSCEPTIBLE TO TAKEOVER BY DICTATORSHIP. DC MAYOR RENATO GOZZI - GENTLE, IRONIC VETERAN BELONGING TO LEFTIST FORZE NUOVE FACTION AND SAID TO E ONE OF REAL POWERS LOCALLY - WAS MORE EXPLICIT. HE HAD ALSO SERVED AS MAYOR DECADE AGO WITH PCI IN OPPOSITION AND THERE WAS WORLD OF DIFFERENCE BETWEEN NOW AND THEN. POSITIVE WORK OF PAST TWO YEARS IN VERONA, HE CLAIMED, SIMPLY COULDN'T HAVE BEEN DONE WITHOUT COMMUNISTS CLOSE AND VALUABLE COLLABORATION.
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12. DC REACTION TO NEW GOVERNMENT IN ROME WAS RESIGNATIGG. THEY DIDN'T LIKE IT, SAID SECRETARY, AND RANK AND FILE LIKED IT LESS THAN ANYBODY. BUT WHAT COULD YOU DO? MAYOR GOZZI AGREED, ADDING THOUGH THAT SOME MINISTRIES MIGHT HAVE BEEN GIVEN TO TECHNICIANS PLEASING TO PSI AND SMALL PARTIES, THUS LAYING GROUNDWORK FOR NEXT YEAR WHEN DC WOULD NEED THEIR COLLABORATION.

13. VERONA PSI HAD JUST HAD PROVINCIAL CONGRESS AND CRAXI-SIGNORILE GROUP GOT OVER 90 PERCENT OF VOTES. THAT HAPPENED BECAUSE PSI SECRETARY AND OTHER FOLLOWERS OF EX-AGRICULTURAL MINISTER LUIGI BERTOLDI CROSSED OVER. SECRETARY - WHOSE PARTY GOT 13 PERCENT IN LAST ELECTION AND IS THUS STRONGER THAN PSI NATIONALLY - WAS ENTHUSIASTIC ABOUT POSSIBILITY OF FORMING NEW GIUNTA ALONE WITH DC IN ORDER TO THUMB NOSE AT PCI. HE, LIKE PSI ALDERMAN FOR CULTURE WHO WAS PRESENT DURING INTERVIEW WITH MAYOR, IS NO PRO-COMMUNIST.

14. PCI HEADQUARTERS WERE SHABBIEST AND MOST POORLY ORGANIZED WE'VE SEEN. YOU'D THINK YOU WERE VISITING SOCIALISTS. YOUNG UNIVERSITY-TRAINED CITY SECRETARY DINO FACCHINI EXPLAINED PCI WAS DEMANDING GIUNTA SEATS IN PRESENT CRISIS BECAUSE ONLY ABOUT QUARTER OF CITY LAWS PASSED WITH PCI HELP HAD EVER GOTTEN IMPLEMENTED, FAULT OF DC-CONTROLLED MACHINERY THAT COMMUNISTS, NOT IN GIUNTA, HAD HARD TIME SPEEDING UP. HE MADE POINT THAT CITY DC NOW, UNLIKE BEFORE, DEPENDED NUMERICALLY ON LEFT TO FORM GIUNTA SINCE TWO OF FIVE-MAN PSDI CONTINGENT HAD SPLIT OFF AND ONLY WAY DC COULD MAKE IT WAS TO ACCEPT MSI VOTES. BUT HE ACKNOWLEDGED THAT PCI WOULD NOT GET INTO GIUNTA AND SAID IT WOULD SETTLE FOR CONFIDENTIAL

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FORMAL RECOGNITION THAT IT WAS VOTING IN GIUNTA'S FAVOR.

15. AND HOW WAS PCI DOING OTHER WISE IN VERONA? FACCHINI THOUGHT THAT PCI MUCH BETTER ACCEPTED NOW THAN BEFORE, AT LEAST IN POLITICAL WORLD. USED TO BE THAT PCI OFFICIALS NEVER SAW THEIR COUNTERPARTS EXCEPT AT TOWN CEREMONIES AND TALK WAS FORMAL. SINCE 1976, THOUGH, THEY WERE RUBBING ELBOWS WITH ONE ANOTHER AND SEARCHING FOR SOLUTIONS TO COMMON PROBLEMS. HE ACKNOWLEDGED THAT DC RANK AND FILE, HOWEVER, HAD OFTEN STILL NOT SHED OLD-STYLE ANTI-COMMUNISTS.

16. HOW DID FACCHINI RESPOND TO CHARGE THAT PCI HAD SUDDENLY CHANGED ITS STRIPES AND THEREFORE ITS NEW, RESPONSIBLE LOOK WASN'T QUITE CREDIBLE? YES, HE SAID, WE HAVE CHANGED. BUT THAT WAS IN GREAT PART DUE TO CHANGE IN OVERALL CLIMATE THAT PUT COMMUNISTS LESS ON DEFENSIVE. THEY NO LONGER FELT ISOLATED.

17. THUS IN VERONA, TOO, PCI IS MOVING AHEAD (FROM 15 PERCENT IN 1972 TO 21 IN 1986 BUT GOING IS TOUGH. PARTY SEEMS TO BE DOING BETTER AT IMPRESSING PROFESSIONAL POLITICIANS - WHOSE ATTITUDE TOWARD IT IS PERHAPS MORE AM-BIVALENT THAN WE HAVE SEEN ELSEWHERE - THAN AT WINNING HEARTS AND MINDS OF VERONA'S PROSPEROUS, OVERWHELMINGLY NORTHERN CATHOLIC POPULATION. BUT PCI CONTINUES ITS SOFT SELL AND PLODS FORWARD.FINA

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